Photo: The untapped female marke

Housewares: "organizing" sales

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Chain Store Age

GENERAL MERCHANDISE TRENDS FEBRUARY 1987

GLAMOUR!

The selling of TV shopping's second season

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February 1987

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A hardlines boom in the works?

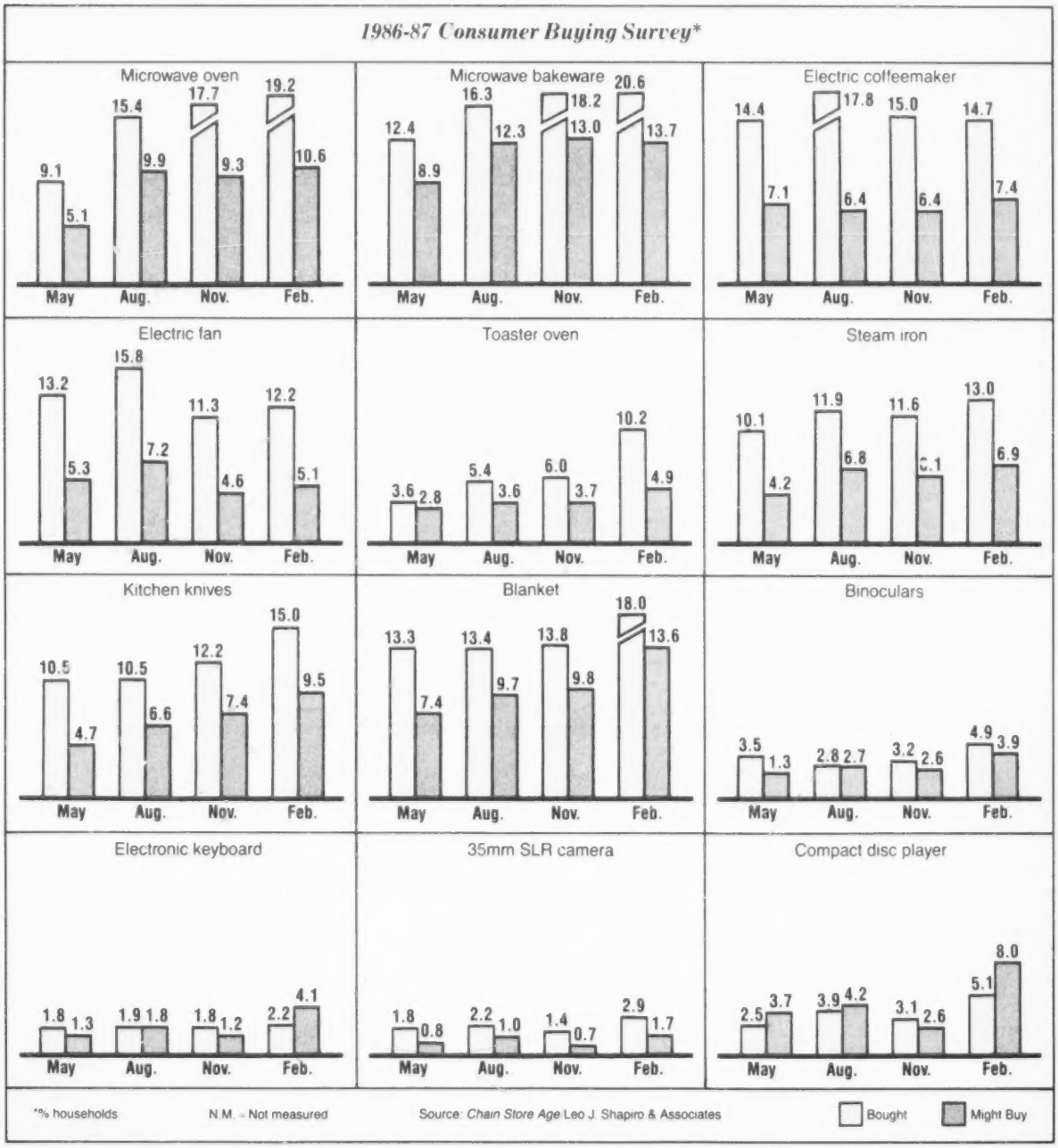
Is the customer ready to snap shut her pocketbook and finally begin to pay off some of her bills? Or is she ready to throw caution to the winds and start another spending spree? The answer depends upon just whom you ask.

The University of Michigan's Index of Consumer Confidence, one measure of the consumer's willingness to spend, has been slowly declining for about a year. The downtrend, which in the past has accurately predicted slumps in customer spending, could be a bad omen for retail sales this year.

But from among the 12 products studied in this month's Marke-Trends poll, it is difficult to pick out something which customers say they do not want to buy in 1987.

In the most recent survey, electric fans is the only category posting a drop off in buying plans for this year. As measured in the nationwide telephone poll of 450 households, 14% fewer customers expect to buy electric fans in 1987 than did last year.

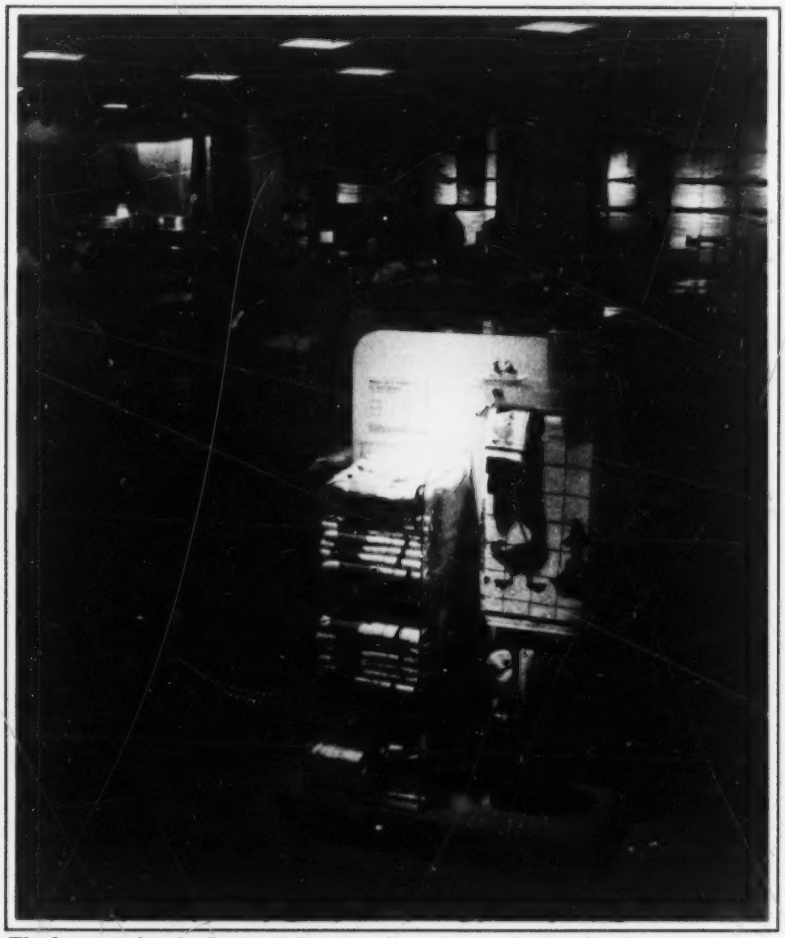
For the other 11 products in this month's study, however, customers


1986-87 Consumer Buying Survey*
Microwave oven
9.1 5.1 15.4 9.9 17.7 9.3 19.2 10.6
Microwave bakeware
12.4 8.9 16.3 12.3 18.2 13.0 20.6 13.7
Electric coffeemaker
14.4 7.1 17.8 6.4 15.0 6.4 14.7 7.4
Electric fan
13.2 5.3 15.8 7.2 11.3 4.6 12.2 5.1
Toaster oven
3.6 2.8 5.4 3.6 6.0 3.7 10.2 4.9
Steam iron
10.1 4.2 11.9 6.8 11.6 6.1 13.0 6.9
Kitchen knives
10.5 4.7 10.5 6.6 12.2 7.4 15.0 9.5
Blanket
13.3 7.4 13.4 9.7 13.8 9.8 18.0 13.6
Binoculars
3.5 1.3 2.8 2.7 3.2 2.6 4.9 3.9
Electronic keyboard
1.8 1.3 1.9 1.8 1.8 1.2 2.2 4.1
35mm SLR camera
1.8 0.8 2.2 1.0 1.4 0.7 2.9 1.7
Compact disc player
2.5 3.7 3.9 4.2 3.1 2.6 5.1 8.0
May
Aug.
Nov.
Feb.
*% households
N.M. - Not measured
Source: Chain Store Age/Leo J. Shapiro & Associates
Bought
Might Buy

CONSUMERS ARE EAGER TO IMPROVE

BATH DECOR

The market for decorative bath accessories is gleaming. Results could be good for retailers provided these items, often purchased on impulse, are merchandised right.



***The largest chunk of potential** set purchasers want three to five items.*

Remember "Psycho?" "Janet Leigh's character would be alive today if she had a see-through shower curtain," says a salesman for JAKSON, the bath accessories company.

But "Psycho" phobia must have subsided long ago. A recent *Chain Store Age* MarkeTrends survey found most (57.6%) preferring a curtain and liner combination to a one-layer shower curtain—making it harder to catch a glimpse of Anthony Perkins types.

Far from being afraid of taking showers, consumers nowadays are eager to hop into the bathroom and start decorating. The survey asked consumers about a wide range of bath accessories, everything from tissue dispensers to bath rugs, and got decisive responses all around.

The tally in the "no answer" column was small, even when the question was very narrowly focused, for instance, about materials preferred for towel bars.

That decisiveness suggests good results at retail, provided that these items, often purchased on impulse, are merchandised right. The market for decorative bath items is gleaming, with 47% of the households polled planning a next-year purchase of at least one of these items: toothbrush holder, soap dish, guest towel holder, tissue dispenser, tumbler, liquid soap pump, apothecary jar.

The survey also found consumers keen on sets. The largest chunk of potential purchasers, 44%, named three to five as the number of items they would likely buy. "It's like a china pattern," says a vendor who has noted the trend. "The coordination of accessories allows add-on sales."

One-fifth of the households in the sample would get six or all seven of the items mentioned. About an equal portion would buy only one or two.

Surprisingly, toothbrush holders figured in more bath decor plans than did soap dishes. Sixty-two per cent said they would look for toothbrush holders if they were to purchase bathroom accessories, compared to the 59% who would want soap dishes.

Holders for guest towels attracted votes from 51%. Tissue dispensers came in fourth, getting the nod from 49% of the sample. That level of interest is probably what prompted Kimberly-Clark to debut its Kleenex dispenser box, sized and slotted to fit decorative dispensers. The new Kleenex product currently is being promoted with manufactur-

er's coupons.

Trailing the dispensers are tumblers, wanted by 46%, and liquid soap pumps are on the shopping lists of only two-fifths of all households. Least popular of the bathroom buddies is the apothecary jar, capturing the attention of under one-third of the respondents. However, even that small a segment could be important to retailers who merchandise the jars near high-margin, high-impulse ornate soaps.

When it comes to towel bars, consumers vote overwhelmingly (82%) in favor of the type that affix to the wall with screws, rather than adhesive (14%). That is the old-fashioned way, and most consumers are old-fashioned in the look they want, too. A slight majority (56.4%) want traditional-look towel bars, while 41.6% opt for contemporary.

s might be expected from those results, a little more than one-third want towel bars that are made of chrome (34.5%), and nearly an equal proportion prefer brass (32.2%). Acrylic, which unlike chrome can only look contemporary, posted an 18.2% preference.

Retailers accustomed to best-selling rectangular bath rugs might be surprised at consumers' shape choices. Oval rugs were selected by two-fifths, compared to the one-third wanting rectangulars. Contours were named by 13%, but not even 1% wanted wall-to-wall.

This was one area where shoppers showed some indecision. More than 12% had no answer to the shape question.

On the question of color vs. pattern, however, consumers had sharp preferences. Nearly 87% want solids, and blue took the No. 1 position on the color chart. That single color captured one-quarter of all the mentions, a level that No. 2 brown (9.7%) sank far below.

Why the inclination toward blue? It was not unexpected by *CSA* MarkeTrends. A survey of consumer preferences in bath towels completed a few months previous also found blue triumphant. Blue home textiles are the people's choice, and the recent bath accessories survey shows even more promise for blue: a majority of households (77%) would like their bath rug to coordinate with their lid cover, and almost as many want to match or coordinate it with bathroom curtains.

The blue note should reach shower curtains, too. For the 56.4% of households gravitating toward solid-color curtains, blue leads the pack once again, chosen by 15%. White came in next, nearly tied with beige, tan, and brown, none of which attained 6% of the mentions.

The rage of color coordination is likely to affect selection of bath accessories. Slightly more than three-quarters of the respondents would like toothbrush holders and similar items to go with their bath towels. That suggests good results for those bath accessory vendors offering embellished guest towels as part of the bath set.

In general, vendors say, patterned bath accessories are selling well. Ransburg reports success with whimsical patterns on acrylic wastebaskets and is now targeting some of its offerings directly to children.

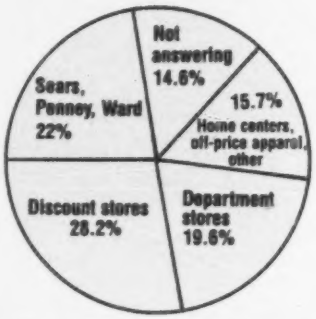
The research suggests that joint ventures between towel and bath fashion vendors would meet with success. Springmaid seems to have latched onto the idea with its introduction of Swans, a towel pattern designed by Gear that coordinates with a panel print shower curtain.

If you were to buy bath accessories, would you buy a . . .

	Yes	No	Not Answering
Toothbrush holder	62.2%	37.7%	0.2%
Soap dish	58.6	41.1	0.2
Guest towel holder	51.0	48.3	0.7
Tissue dispenser	49.1	50.5	0.4
Tumbler	46.4	52.7	0.8
Liquid soap pump	39.1	60.5	0.4
Apothecary jar	30.9	67.2	1.9

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Where would you go to buy bathroom accessories?



Source: *Chain Store Age*/Leo J. Shapiro & Associates

Consumers seem willing to pay fairly lofty prices for the bath decor of their dreams. To get their desired shower curtain or curtain-liner combo, shoppers expect to pay $22.40 on average. The largest concentration of price point mentions (44.7%) fell between $15 and $29, but more than one-fifth of those polled are willing to spend $30 or more.

The Big Three figure in the buying plans of 22% of consumers, with 15% planning to head for Sears to buy bath accessories. K mart, which has beefed up its bath shop presentation and ticketed items like tumblers with relatively high prices, was named by 13.7%. That gave K mart almost as much share as all other discounters (14.5%). Department stores fall just shy of one-fifth of the store preference votes.

A large array of other retail classes got small but significant mentions, including off-price apparel stores. They received 1.9% of the mentions, surpassing catalog showrooms' 1.6%. Chains such as Marshalls carry giftware in some units, at times including bath accessories in the assortment. Vendors have commented that soap pumps and the like are increasingly given as gifts. □

***The survey found 57.6% prefer** a curtain and liner duet over "clear."*

THE IMAGE IS SHATTERED IN 35MM

Men buy 35mm cameras and film, but women control the buying for instant, disc and cartridge film and cameras. Also, women decide which store to shop.

Men decide which cameras to buy and where to buy them. Women buy the film. Few retailers would argue with these two axioms. The only problem is that the first statement is dead wrong. The second is usually wrong.

According to *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends polling, women decide where to shop for instant, disc and cartridge film cameras. Women also make the decision as to which specific camera to buy for each of these formats. Only in 35mm cameras do men take charge.

Contrary to popular notions, when it comes to buying film, men take charge in deciding where to buy 35mm film, too. Women are the prime decision makers when it comes to buying other film sizes.

In this most recent battle between the sexes, two customers emerge: a man who does the buying for both 35mm cameras and film, and a woman who makes the decisions about purchasing instant, cartridge and disc film and cameras.

Men, certainly, are still the larger market. With the boom in lens shutter cameras racing on, 35mm has quickly become the standard for amateur photography. In the MarkeTrends poll, 60% of those who say there is some chance they will buy a camera this year indicate that they will buy one which uses 35mm film.

Another 18%, according to the survey, will buy disc cameras, followed by instant (13%), cartridge (4%) and video cameras (2%).

As expected, men dominate the market for 35mm cameras. According to the MarkeTrends poll, men account for about 57% of the decisions as to where families will buy 35mm cameras.

What is unexpected, however, is that men make about 54% of the choices as to where 35mm film is bought, according to the MarkeTrends survey. Traditionally, the industry has taken it as an article of faith that women did the majority of film buying.

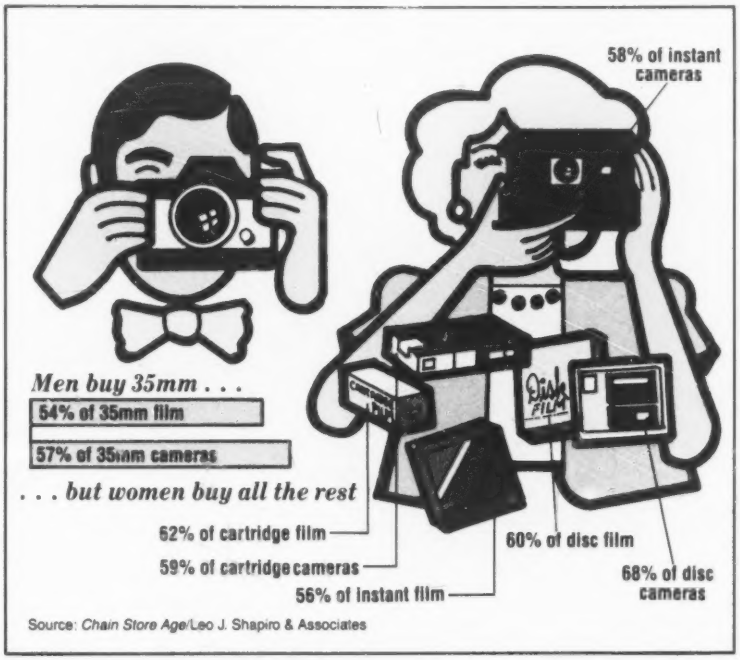
And in fact, when it comes to the other 40% of the market—instant, disc and cartridge film—it is indeed women who are the prime decision makers. For instant film, women make 56% of the buying decisions, says the study. Women account for 60% of the purchasing decisions for disc film and a whopping 62% for cartridge film.

But the real shocker in this month's poll is that women are not only buying the film, they are buying the cameras, too. Families in the MarkeTrends survey are reporting that women choose which instant camera to purchase 58% of the time. For cartridge film cameras, it is 59% and for disc cameras it is 68%.

When it comes to deciding where to shop for instant, disc or cartridge cameras, the poll reveals once again that it is women who are calling the shots. Women choose which store to shop 54% of the time for instant cameras, but 68% for disc cameras and 70% for cartridge film cameras.

The reason for the market's division—35mm film and cameras for men and everything else for women—likely has little to do with issues such as women's liberation. The opposite is probably true. Women are not part of the 35mm revolution because they have not been invited in.

Marketing efforts have positioned 35mm as men's turf, so it is no surprise that women have not been quick to join. □


58% of instant cameras
Men buy 35mm . . .
54% of 35mm film
57% of 35mm cameras
. . . but women buy all the rest
62% of cartridge film
59% of cartridge cameras
56% of instant film
60% of disc film
68% of disc cameras
Source: Chain Store Age/Leo J. Shapiro & Associates

Ads convince customers to spend up to one-third more for cameras. Discounters, in particular, get more business. Vendors gain stronger brand preferences.

For photo buyers it pays to advertise

Pity the poor camera buyer. His boss expects him to make a profit in a business so competitive that few actually finish the year out of the red. When it comes to advertising, he usually has to fight for every inch of space, no less positioning. Despite a generous co-op budget, he often loses out to other, more profitable departments.

But giving camera advertising the short shrift could be a big mistake. What does advertising do? According to *Chain Store Age*/Leo J. Shapiro & Associates research, it makes customers want to spend more for a camera—almost one-third more. For discount stores in particular, advertising brings more customers in the door. For vendors, advertising creates stronger brand preferences.

By far, newspaper advertising is the medium camera customers remember the most. Among the 40% of the sample who recall seeing camera advertising, 44% say they saw it in a newspaper. Another one-third report they watched it on television, while 28% say they saw ads in magazines. Catalogs and circulars get a 12% recall vote.

Considering that newspapers get the lion's share of camera co-op dollars (ranging from 12% to 81%, depending on the vendor, according to Pinpoint Marketing, a New York-based co-op fulfillment house), it is no wonder that newspaper ads are the best remembered. However, what is surprising is how few customers remember seeing circulars, catalogs and direct mail.

In the first quarter of 1986 (the most recent information available), Pinpoint Marketing says that retailers spent from a low of 4% to a high of 27% of their camera co-op budgets on circulars and catalogs. Yet, according to the *CSA*/Shapiro survey, customers recall this advertising with little frequency.

Even fewer customers—only 3%—remember getting any direct-mail camera advertising. While direct mail accounts for only a tiny portion of all co-op programs, Pinpoint Marketing notes that one camera vendor is experimenting with shelling out up to 45% of its budget on direct-mail programs.

Why are some willing to take the gamble with direct mail? The *CSA*/Shapiro survey provides a good clue. Though newspapers and television admittedly bring in a higher number of customers, direct mail does a more efficient job at turning advertising recall into actual sales.

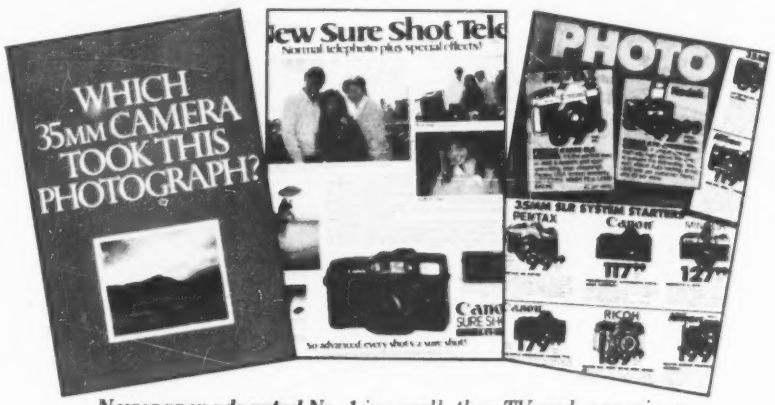
In the survey, of households that remember seeing camera advertising in newspapers, 55% report that there is at least some chance they will actually buy a camera this year. This compares to 54% of the households that recall television advertising, and 63% of those who remember magazine ads for cameras.

The single most effective medium, according to the poll, is direct mail. Of the small group in the survey which recalls direct-mail ads, every one of the households polled reports that there is at least some chance they will purchase a camera in the upcoming 12 months.

Also surprisingly effective is store or display counter advertising. In the survey, 86% of those who remember seeing in-store advertising say that there is some chance they will buy a camera in 1987.

Catalogs, too, beat out TV, newspapers and magazines in turning advertising recall into sales. Sixty-nine per cent of households in the *CSA*/Shapiro poll which recall catalog ads say they might purchase a camera this year.

The poll suggests that the time could be ripe for some rethinking by both retailers and their camera resources as to how advertising money should be spent. While the limited sample size of the *CSA*/Shapiro poll cautions against any wholesale restructuring, the results do suggest that at least a flirtation with boosting direct mail, catalog and circular might be timely.



***Newspaper ads rated No. 1** in recall, then TV and magazines.*

The payoff could be big: If anyone ever doubted that camera advertising works, the *CSA*/Shapiro survey clearly allays any misgivings. Families exposed to camera advertising are much more likely to want to buy a camera, pay more for it and change where they will buy. They are also far more likely to be sure of the brand they want to buy.

Of those who remember some form of camera advertising, almost 1 in 4 (24.5%) say they probably or definitely will buy a camera within the next 12 months. Another 30.5% report that they may purchase this year. Only 42.1% absolutely rule out any chance of buying a camera in 1987.

Compare these figures to those households who do not remember any camera advertising. More than 3 out of 5 (61.8%) report that they definitely will not buy this year. Another 18.2% rate their chances as only "maybe." Only 17.4% rank their chances of buying this year as "definite" or "probable."

In all, 55% of households that remember camera advertising say there is at least some chance they will purchase this year. Only 30% of those who did not see ads report the same.

Camera ads pump up the price customers expect to pay for cameras, too. On the average, households which recall camera advertising say they will pay a median $218 the next time out. Families which did not remember camera ads report they expect to pay about one-third less, or a median $150.

The biggest difference occurs in those who expect to pay over $300 for their new camera. A healthy 16.4% of households that recall ads say they will pay over $300 the next time out, compared to only 11.5% of families who do not remember seeing advertising.

Part of the answer may lie in features. Families exposed to camera ads are more likely to say they want features like auto-focus than are families who do not recall any advertising. Households remembering camera ads are also more likely to be attracted to 35mm, and are less likely to want cartridge film cameras.

Though they expect to pay more for their next camera, families that recall camera ads still are looking for a bargain. And they are willing to shop at a discount store to find it, according to the survey.

Among those who remember advertising, discount stores are the preferred place to shop. Almost 3 in 10, or 28.1%, say that a discount store is where they would most likely buy their new camera. Traditional camera dealers come in second, cited by 22.3%.

For families who have not seen ads, however, camera dealers take the top spot, the choice of 24.8% of households in the poll. Discount stores pull in a weak second, named by 18.7%.

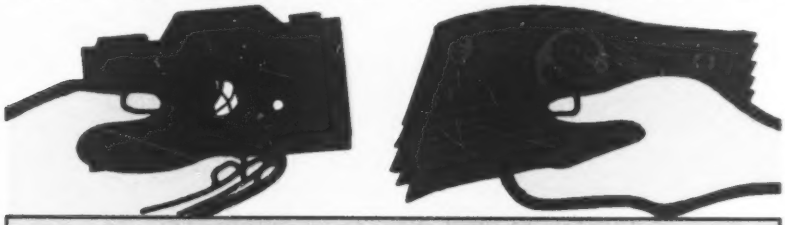
K mart, in particular, seems to benefit the most from camera ads. Among those who say they have seen camera advertising, K mart is the place to buy for a whopping 17.4%—more than any other single retailer. Those who do not remember any camera ads choose K mart only 9% of the time, or about one-half the frequency.

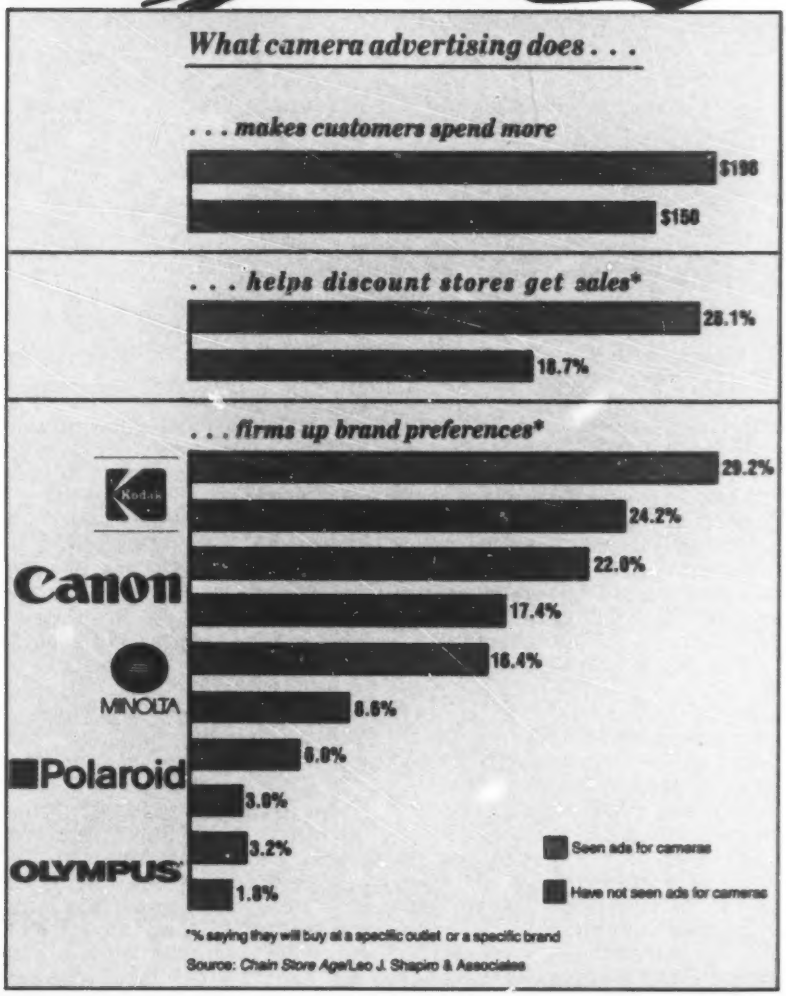
Part of K mart's success can be attributed to its whole-hearted commitment to advertising cameras. Unlike many general merchandise retailers, hardly a circular or ad goes out from K mart without some featured photographic product. The *CSA*/Shapiro study confirms that the strategy can pay off.

For vendors, camera advertising provides a similar benefit. Of those who do not recall seeing any ads, 3 in 10 say that they have no idea what brand of camera they will buy the next time out. Among those who do remember ads, the undecided group falls to only 11%.

The effect of advertising can be dramatic. Among those who have seen ads, Polaroid's share nearly doubles—from 3% to 6%—compared to those who have not seen ads. Minolta's standing also doubles—from 8% to 17%—so does Olympus's share.

Advertising's effect is less dramatic for industry giants Kodak and Canon. Kodak's share gains 20% due to advertising, according to the survey. Canon records a 26% gain. □





A year ago, Polaroid was hard pressed to find anyone who was bullish on instant photography. The Spectra turned out to be one of last year's trendy retail smashes.

The spectrum of Spectra

***Consumer interest** in instant cameras has more then doubled in six months.*

If it is true that he who laughs last laughs best, then the halls at Polaroid's headquarters must be shaking with belly-yucks. Only a year ago, Polaroid was hard pressed to find anyone—retailer, analyst, or stockholder—who was bullish on instant photography. Even plans for something called the "7000" did not seem to excite anyone.

Now it is Polaroid's turn to laugh or even gloat. The "7000" became the Spectra, and the Spectra turned out to be one of last year's trendy retail smashes.

Polaroid's instant alternative, at first shunned by some because of its high price point, was a hit with exactly the upscale customer it wanted. Even publisher Malcolm Forbes bought up a couple of dozen to hand out last Fourth of July to Liberty Weekend hotshots who forgot to bring cameras to the event.

With that kind of endorsement, it is no wonder that many of the same analysts who shunned Polaroid last year have become believers this year. Polaroid is showing up on more and more stock pick lists for 1987.

How much would you spend for an instant camera?

$50-$99	36.7
$125-$150	4.9
Median: $50	

Source: Chain Store Age/Leo J. Shapiro & Associates

But Spectra's success has accomplished more than just a boom for a single product. Instead, the excitement over Spectra has rekindled customer interest in instant photography itself. According to *Chain Store Age*/Leo J. Shapiro & Associates research, this could be Spectra's hidden, but most significant, accomplishment.

What Polaroid has done is to get the best of both worlds. It has a hot selling new product, and at the same time has boosted customer interest in older products. It has gained retail distribution in new outlets such as The Sharper Image and simultaneously retained its strong market position in discount stores.

A year ago, according to the research, it was hard to find a family which wanted to buy an instant camera. In the survey conducted in March 1986, only 0.7% of households polled reported that they expected to buy an instant camera within the next 12 months.

Then came Spectra. And a half year later in the February 1987 reading, the number of families saying that they plan on purchasing an instant camera this year has more than doubled to 1.6% of those polled.

While most of the credit for the uptick in customer interest can be laid squarely at Spectra's door step, it does not appear in the survey that it is only Spectra which customers expect to buy. Instead, Spectra's biggest surprise is that it has rekindled the customer's old love affair with the full line of instant cameras.

On the average, customers this year say they expect to spend a median $50 for an instant camera. Though far above the $35 they said a year ago, it is still not within Spectra's price range. Only 14.3% report that they will pay over $100 this year, almost the exact number recorded before Spectra's debut.

Instead, families in the survey are looking mostly to replace an aging instant, and perhaps it was Spectra's advertising blitz which put the thought in their heads.

According to the survey, almost two-thirds of instant camera customers this year are replacing another instant camera. In the poll, 41.4% of those who expect to buy an instant camera report that their current camera is three or more years old.

Another 1 in 4 who are buying an instant already own a 35mm camera. About 10% already have a disc camera, and 5% a cartridge film camera.

Nor has Spectra particularly upscaled the customer for instant photography. As in the poll before Spectra's introduction, perspective instant camera buyers are certainly

not yuppies. In fact, they tend to be older, with smaller family incomes, and often are retired. Grandma and Grandpop are still pretty good customers in the instant market.

A full one-fourth of perspective buyers are over the age of 65, according to the *CSA*/Shapiro survey. Only about 14% are under 30 years old. The median age of those who expect to buy an instant camera is 50, or over 17 years older than those who expect to buy 35mm cameras.

Families who expect to buy instants also have smaller annual incomes, averaging only $24,900, compared to the $33,000 reported by households which plan on buying 35mm cameras this year. Still, instant camera buyers beat out their disc counterparts, whose incomes average $24,000, according to the survey.

The instant camera buyer is also more likely to have only a high school education or less. In the most recent survey, 71.4% of those who plan on buying, finished their formal education at high school graduation or before. This compares to the almost equal number (72.7%) of prospective 35mm camera buyers who have attended at least some college or above.

It is not surprising, then, that instant camera buyers are more likely to hold down jobs as craftsmen, laborers and service workers. And considering the age of the average prospective customer, it is no shock that about 31% of those who expect to buy are retired.

Where do they expect to buy? As in the poll conducted a year ago, one-third say a discount store. A full 17% plan on purchasing their next instant camera at K mart, one of the highest shares the discounter gets for any product category.

Traditional camera dealers, according to the poll, pull in one of their smallest market shares in instant cameras. Only 6.5% report that they will buy at a camera store, compared to 10.2% recorded for both department stores and catalog showrooms. Sears, Penney and Ward combined score a 9.5% total. □

Consumers *still* want the impossible

Kodak is out of the instant camera market—dramatically, against its will, kicking and screaming, and only at the order of the Federal Court. Funny, nobody seems to have told the customer.

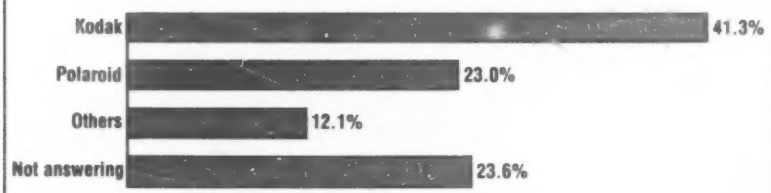
In the latest *CSA*/Shapiro MarkeTrends poll, Big Yellow is the customer's No. 1 choice among those who say their next camera will use instant film. Kodak wins big, too. It beats out Polaroid by almost a 2 to 1 margin.

To many, Kodak's strength will come as no surprise. Big Yellow's top-of-mind customer awareness is so great that consumers often say they want—or actually own—products which Kodak does not even manufacture. The problem for the Rochester, N.Y.-based photography giant usually runs more to turning its top-of-mind awareness into actual sales.

Of those in the MarkeTrends poll who express a brand preference, 96% who expect to buy a disc camera say they want Kodak, and 71% who want cartridge film cameras think they will buy Kodak.

Only in 35mm, a market it reentered after more than a decade long absence, does Big Yellow lag. About 10% in the survey report they want a Kodak 35mm camera.

Which brand of instant camera would you look for?



Source: *Chain Store Age*/Leo J. Shapiro & Associates

JVC has just announced its intention to market its first digital VCR, the HR-D570. Major features of the model are: Digitalization, high-quality pictures, high-quality sound, Automatic functions, as well as 181-channel cable capability. *(JVC Company of America, 41 Slater Drive, Elmwood Park, N.J. 07407.)*

Convinced that VHS is the format of choice, Sharp Electronics Corp. has added a new 2.9-lb. VHS-C camcorder with one-hour recording capabilities and the "HQ" (high quality) system for superb picture quality to the company's camcorder line. The compact VC-C50UA records on an audio cassette-sized video tape, which fits into a special full-size VHS adaptor for easy playback on a VHS VCR. *(Sharp Electronics Corp., Sharp Plaza, Mahwah, N.J. 07430.)*

Citizen introduces the first models in its new ultra-thin credit card size AM and FM radio line. These monaural radios are the ultimate for convenience and portability, because of their very small size and ability to fit into a wallet, purse or shirt pocket. A volume control lets one adjust the sound level. Earphone/earplugs are included, along with an attractive carrying pouch. *(CBM America Corp., 2999 Overland Ave., Los Angeles, Calif. 90064.)*

New Soundsational AM/FM stereo personal portable radio (ASLO) from Gemini comes with stereo headphones and convenient belt clip. Uses 3 AA type batteries. Blister-packaged on bold-color, eye-color, eye-catching card. *(Gemini Industries Inc., 215 Entin Road, Clifton, N.J.)*

Customers wait till last minute again

In a repeat of the last several years, holiday shoppers waited until Christmas week itself before getting down to serious shopping. And when they finally got around to it, they shopped with a vengeance. "It was a bonanza," said Richard Schulze, chairman of Minneapolis-based Best Buy Co.

It was not a moment too late. When the month's totals were added up the 15 retailers tracked by *Chain Store Age* recorded a 10.7% hike over last year's figures. December sales results outpaced even the year-to-date totals, which are up 10.2% for the 11-month period.

The difference between this year's holiday selling season and previous years, however, was that retailers went into December with leaner inventories, and markdowns were held to a minimum.

December results might be a good model for 1987, though, and the news is less bright than could be hoped. The customer still seems willing to spend, but she also looks more willing than ever to wait for a sale before plunking down hard cash, or a credit card.

"We were looking for a good, but not great, Christmas, and that's what we got," said Dayton Hudson chairman/ceo Kenneth Macke. "The business came late in the season, and the climate was very promotional. As a result, we experienced pressure on our gross margins, particularly at Mervyn's and Lechmere."

Comparable-store results were up 8% at Mervyn's and 7% for Lechmere. At the other Dayton Hudson divisions, the department store groups posted a 9% same-store hike, while its Target discount stores recorded a 4% uptick.

At K mart, where comparable-store totals gained 4.6% for December, chairman Bernard Fauber was equally lukewarm in his assessment of the holiday selling period. "While the monthly sales total was a little below our expectations, overall we were satisfied with the results," Fauber said.

"We experienced a good clean-up of strictly seasonal merchandise. Markdowns were well controlled as were expenses. Inventories are near planned," Fauber said.

Sears, the nation's biggest retailer, had few complaints with Christmas in 1986, as same-store results for its U.S. Merchandising Group gained 5.7%, outpacing their 2.5% year-to-date pace.

Sears noted that good increases were reported from most major markets, except those in energy related areas. Sales increases, said the catalog giant, were well balanced across merchandise lines.

For catalog rival J. C. Penney, the economically depressed Southwest was also a sore point. Penney, which reported comparable-store totals gaining a modest 1.4% for its stores and catalog divisions, said sales were most active in the East.

Montgomery Ward posted its largest increases in southern California and the Northwest. It also reported strongest sales for its home, electronics, appliances and apparel departments.

Late shopping surge saves Christmas

Major chains	% change	December sales* 1986	December sales* 1985	Stores 1986	Stores 1985	11-mo. sales* 1986	11-mo. sales* 1985	% change
Sears[1,2]	+ 5.7	$ 3,508,711	$ 3,319,583	806	799	$ 24,451,542	$ 23,852,064	+ 2.5
Penney[2]	+ 1.4	2,320,000	2,289,000	1,875	1,979	12,540,000	11,965,000	+ 4.8
Ward[1,3]	+ 7.8	706,295	655,360	294	314	4,037,680	3,968,288	+ 1.7
Dayton Hudson	+ 15.6	1,670,000	1,440,000	476	1,211	8,550,000	7,590,000	+ 12.6
Federated[4]	+ 4.8	1,481,200	1,414,000	506	483	8,010,700	7,643,100	+ 4.8
May Dept. Stores	+ 10.2	1,808,800	1,641,400	2,754	2,400	9,753,700	8,894,700	+ 9.7
Carter Hawley Hale	+ 7.0	737,600	689,200	302	299	3,881,800	3,672,700	+ 5.7
Mercantile	+ 7.6	355,725	330,607	82	80	1,922,014	1,784,067	+ 7.7
K mart[5]	+ 8.7	3,901,414	3,590,099	2,206	2,180	22,820,287	21,161,866	+ 7.8
Wal-Mart	+ 36.4	1,690,000	1,239,000	1,020	851	11,027,000	7,842,000	+ 40.6
Zayre	+ 25.5	863,968	688,372	1,098	1,075	5,039,087	3,845,109	+ 31.1
Bradlees	+ 8.1	360,000	333,000	162	158	1,789,000	1,537,000	+ 16.4
Tandy	+ 22.9	568,110	462,266	N/A	N/A	3,215,517	2,760,845	+ 16.5
Circuit City	+ 41.1	202,800	143,700	87	113	942,400	625,800	+ 50.6
Federated Group	+ 23.3	83,200	67,500	65	59	404,900	328,500	+ 23.3
Totals & Averages	+ 10.7	$20,257,823	$18,303,078	—	—	$118,385,627	$107,471,039	+ 10.2

*000 omitted N.C. no change N.A. not available
[1]Store gumber for full-line outlets only. [2]Domestic operations only. [3]Continuing operations only. [4]Excludes supermarket sales. [5]Store number for K mart stores only.

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